

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities

Date of Meeting: March 17, 2006

Time of Meeting: 8:15 a.m.

Place of Meeting: Utilities Plaza Conference Room
3460 Orange Street (at Fifth and Orange Streets)
Riverside, California

PLEDGE OF ALLEGIANCE WAS GIVEN TO THE FLAG

Roll Call

Present:	Jim Anderson (Chair)	Dave Barnhart
	Ken Sutter	Lalit Acharya
	Mary Curtin	Robert Elliott

Absent: Peter Hubbard (absence due to sickness)
Bob Stockton (absence due to business)
Joe Tavaglione (absence due to business)

Assistant City Manager Michael Beck attended this meeting.

MINUTES

- (1) The regular meeting minutes from the Board of Public Utilities meeting held on February 17, 2006 was approved as submitted.

Motion – Barnhart. Second – Sutter.

Ayes: Anderson, Barnhart, Sutter, Acharya, Curtin, and Elliott.

Noes: None

Abstain: None

Absent: Peter Hubbard (absence due to sickness)
Bob Stockton (absence due to business)
Joe Tavaglione (absence due to business)

- (2) The public hearing meeting minutes from the Board of Public Utilities meeting held on March 2, 2006 was approved as submitted.

Motion – Barnhart. Second – Sutter.

Ayes: Anderson, Barnhart, Curtin, and Elliott.

Noes: None

Abstain: Acharya
Sutter

Absent: Peter Hubbard (absence due to sickness)
Bob Stockton (absence due to business)
Joe Tavaglione (absence due to business)

- (3) The regular meeting minutes from the Board of Public Utilities meeting held on March 3, 2006 was approved as submitted.

Motion – Barnhart. Second – Sutter.

Ayes: Anderson, Barnhart, Sutter, Curtin, and Elliott.

Noes: None

Abstain: Acharya

Absent: Peter Hubbard (absence due to sickness)
Bob Stockton (absence due to business)
Joe Tavaglione (absence due to business)

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

PROPERTY COMMITTEE REPORT

The regular meeting minutes from the Property Committee meeting held on March 3, 2006 was deferred to the next meeting.

ELECTRIC COMMITTEE REPORT

The Board of Public Utilities accepted and filed the March 8, 2006, Electric Committee minutes.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar.

Motion – Acharya. Second – Sutter.

Ayes: Anderson, Barnhart, Sutter, Acharya, Curtin, and Elliott.

Noes: None

Abstain: None

Absent: Peter Hubbard (absence due to sickness)
Bob Stockton (absence due to business)
Joe Tavaglione (absence due to business)

ELECTRIC ITEMS

(4) **ANNUAL RETAIL ELECTRIC PROVIDERS' REPORT TO THE CALIFORNIA ENERGY COMMISSION (CEC), POWER CONTENT LABEL, AND ATTESTATION OF VERACITY**

The Board of Public Utilities approved and recommended that the City Council:

1. Approve the Annual Retail Electric Providers Report;
2. Approve attestation as to the accuracy of the Annual Retail Electric Providers Report;
3. Approve the Annual Power Content Label; and
4. Authorize the City Manager, or his designee, to execute and submit the attestation.

(5) **COSTS ASSOCIATED WITH THE INSTALLATION AND OPERATION OF INDEPENDENT SYSTEM OPERATOR COMPLIANT ELECTRIC METERS**

The Board of Public Utilities approved and recommended that the City Council approve staff's determination not to protest Edison's Wholesale Distribution Access Tariff ("WDAT") Service Agreement filing at the Federal Energy Regulatory Commission ("FERC").

WATER ITEMS

(6) **NEW WATER SYSTEM – TRACT NO. 30337
WORK ORDER 0500929**

The Board of Public Utilities approved the estimated capital expenditure of \$68,200 for plan check, inspection, and three system connections to serve 207 Single Family Residences (Tract 30337) located at Dufferin Avenue, easterly of Praed Street in the Count of Riverside.

**CONSTRUCTION OF MAUDE/JANE PRESSURE REDUCING VALVE STATION
& PRESSURE RELIEF VALVE PROJECT – REJECTION OF BID NO. 6329**

The Board of Public Utilities rejected all bids and did not award the contract for construction of Maude/Jane Pressure Reducing Valve (PRV) Station & Pressure Relief Valve Project.

OTHER ITEMS

(7) **FORMER MARY EVANS BOOSTER STATION – SURPLUS PROPERTY
DECLARATION**

The Board of Public Utilities approved and recommended that the City Council approve a declaration stating that the Mary Evans site is surplus to the current and anticipated needs of the Public Utilities Department.

Board Member Robert Elliott commented that the report needed to be revised to state ..."This item was reviewed by the Board of Public Utilities' Real Property Committee on March 3, 2006".. not March 6, 2006.

DISCUSSION CALENDAR

Chair Anderson requested to begin with Item 10 first because Items 9 and 11 were related to the water rate increase and would be discussed together.

(10) FISCAL YEAR 2005/06 CAPITAL PROJECT REVIEW – ADDITIONAL CAPITAL IMPROVEMENT AND AUTOMOTIVE EQUIPMENT APPROPRIATIONS

Principal Electrical Engineer Dave Redding reported that the Electric Utility will require additional appropriations for three Capital Improvement Project (CIP) accounts related to serving new customers and supporting Public Works' projects for Fiscal Year 2005-06. Also, the automotive equipment account requires an additional appropriation for replacement of a failed vehicle.

Following discussion, the Board of Public Utilities approved and recommended that the City Council approve the additional appropriations from the Electric Fund balance for the following accounts:

1. \$4,000,000 to the Distribution Line Extensions Account No. 6130000-470601;
2. \$1,500,000 to the Major OH/UG Conversions Account No. 6130000-470619;
3. \$2,500,000 to the Major Feeders Account No. 6130000-470633; and
4. \$275,000 to the Automotive Equipment Account No. 6105000-462100.

Motion – Acharya. Second – Sutter.

Ayes: Anderson, Barnhart, Sutter, Acharya, Curtin, and Elliott.

Noes: None

Abstain: None

Absent: Peter Hubbard (absence due to sickness)
Bob Stockton (absence due to business)
Joe Tavaglione (absence due to business)

(8) KENNEDY/JENKS CONSULTANTS REPORT OF WATER DIVISION PROGRAMS AND RATES

Mr. Richard Barton from Kennedy/Jenks Consultants gave a high level review of the entire SAFE W.A.T.E.R. Plan. Mr. Barton stated there are four purposes for the report:

1. To review the various programs and recommendations contained in the long range water plan and to assess the reasonableness of the programs and recommendations.

2. To look at the proposed rate increases to determine if they are at appropriate levels
3. To put together a summarized report that ties the master plans to the SAFE W.A.T.E.R. Plan
4. Comment on equity issues that are mandated by law or not

Mr. Barton also briefly reported on the following four significant findings in their review:

1. Refurbishment replacement program
2. Remaining portion of capital program that can be assigned to the existing rate payers as opposed to the developers
3. The need to build up reserves
4. The need to increase staff

Following discussion, the Board of Public Utilities received and filed this report.

(11) SAFE W.A.T.E.R. PLAN AND ASSOCIATED WATER RATE ADJUSTMENTS

General Manager David Wright presented an abbreviated SAFE W.A.T.E.R. overview and discussed various rate increase options with the Board. Additionally, General Manager Wright discussed information and comments gathered from the Chambers of Commerce, community meetings, civic group presentations and the public hearing and indicated that a significant majority of public input supported the infrastructure improvements but expressed concern over the recommended 20% increase over three years.

General Manager Wright discussed the recommended rate increase and other rate alternatives as follows:

- 20% per year for three years effective 11/1/2006, 11/1/2007, and 11/1/2008
- 15% per year for four years effective 11/1/2006, 11/1/2007, 11/1/2008 and 11/1/2009
- 12% per year for five years effective 11/1/2006, 11/1/2007, 11/1/2008, 11/1/2009 and 11/1/2010

For each rate alternative, the impacts of the revenue reductions on infrastructure improvements and reserve accumulation were discussed.

Based upon significant community input, General Manager Wright presented another rate increase alternative calling for a 12% increase effective 11/1/2006 and then 10% for the next four years effective 11/1/2007, 11/1/2008, 11/1/2009 and 11/1/2010. The 2% differential in the first year was specifically included to address structural and operational issues identified at the Evans reservoir. Mr. Wright then discussed Measure C and related water rate increases for WA-3 and WA-9 recommending that a 4.8% rate increase each year beginning 11/1/2006.

Representatives from the Chambers of Commerce, Parkview Community Hospital, Alvord School District, University of California- Riverside, Marriott Hotel, Riverside Physicians Network and Kragen Automotive all spoke in support of the need for infrastructure improvements and the recommendation to spread the rate increases over a longer period of time.

Board Members thanked the audience for their support and their comments.

Board Member Barnhart requested staff to bring an update of the water rates back to the Board each year.

Following discussion, the Board of Public Utilities decided NOT to approve the original recommendations:

1. Approve the Water Rate increases, approximately 20% per year for three years beginning November 1, 2006, as outlined in this report and various rate schedules; and
2. Approve the Water Rate increases for WA-3 and WA-9 rate schedules at a level of 8% per year for three years beginning November 1, 2006, as outlined in this report and various rate schedules; and
3. Adopt the appropriate resolution establishing the increased Water Rates.

New Recommendation

The Board of Public Utilities:

1. Approved and recommended to direct staff to amend Resolution 2006-1 to change the rate increase to reflect an approximately 10% annual increase, over a five year period, to water rates, with an additional 2% increase for the first year of the increase, except for a reduced increase to WA-3 and WA-9 rates, and to adopt the resolution, as amended, establishing the increased water rates; and
2. Approved and recommended that staff present the new option for the Water Rate increases to the City Council for approval.

Motion – Acharya. Second – Sutter.

Ayes: Anderson, Barnhart, Sutter, Acharya, Curtin, and Elliott.

Noes: None

Abstain: None

Absent: Peter Hubbard (absence due to sickness)
Bob Stockton (absence due to business)
Joe Tavaglione (absence due to business)

REQUESTED BY MEMBERS OF THE BOARD OF PUBLIC UTILITIES

None.

DIRECTOR'S REPORT

- (A) State and Federal Legislative Update
- (B) Open and Closed Work Orders – February 2006
- (C) Monthly Benchmark Report Cards – February 2006
- (D) Water Highlights – February 2006
- (E) Rolling Calendar Outlining Future Utility Projects as of March 10, 2006
- (F) City Council Agenda – March 7, 2006 and March 14, 2006

SYSTEMATIC REPORTING ON CONFERENCES / SEMINARS / BOARD MEETINGS

Chair Jim Anderson reported on issues discussed at the CMUA Annual Conference and Policy Maker's Seminar in Napa, California, that he recently attended.

UPCOMING MEETING

Chairman Jim Anderson adjourned the meeting at 10:30 a.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, April 7, 2006**, at **8:15** a.m. in the Art Pick Council Chamber at City Hall located at 3900 Main Street in Riverside, California.

By: _____
David H. Wright, Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: April 7, 2006